



November 14, 2022 – Monday

Economy

Cost of India beating peer performance: Food inflation bites, 35 bps interest rate hike likely

India is performing better than peer nations, but this outperformance comes at a cost, in some way or the other, said Madhavi Arora, lead economist, Emkay Global Financial Services. In conversation with Lalit Kumar of FinancialExpress.com, Madhavi Arora said India looks to be a better bet than the rest of the world. Faster growth of imports than exports could cause current account deficit issues, Arora said. Consumption, exports, demand outlook, and rural-urban wages are the key triggers to look at in the current economic scenario, she added. India looks to be a better bet than the rest of the world, but it comes at a cost, in some way or the other, since it implies that the imports are growing much faster than exports. That will come in the form of some kind of external imbalances in terms of current account deficit correction, which will also have some implications on the external sector's vulnerability. Back home, the triggers in terms of secular growth seem to be still missing.

<https://www.financialexpress.com/economy/cost-of-india-beating-peer-performance-food-inflation-bites-35-bps-interest-rate-hike-likely-interview/2810688/>

Banking and Finance

RBI to meet bank chiefs to take stock of sustainability of double-digit credit growth

The Reserve Bank of India Governor Shaktikanta Das has called for a meeting with the chiefs of public sector banks and select private sector banks on November 16 to take stock of the sustainability of the robust credit growth, and gauge if there are any risks lurking in banks' loan portfolio in the backdrop of rising interest rates. The RBI will also seek details on slow growth in deposits and asset quality of retail and MSME loans. This comes even as all scheduled banks have logged a double-digit credit growth of 17.68 per cent year-on-year (yoy) as on October 21, 2022, per RBI data. This meeting assumes significance as it comes in the run-up to the forthcoming meeting of the Monetary Policy Committee (MPC), which is scheduled to meet from December 5 - 7. Credit demand has been broad-based -- retail, industry, MSME (micro, small and medium enterprise), and agriculture and allied activities, according to bankers.

<https://www.thehindubusinessline.com/money-and-banking/rbi-to-meet-bank-chiefs-to-take-stock-of-sustainability-of-double-digit-credit-growth/article66131998.ece>

Tax revenues may top FY23 Budget Estimate by ₹3-3.5 lakh crore

The government is expecting a ₹3-3.5 lakh crore jump in tax revenue in the current fiscal year as per revised estimates of accounts for FY23 that will be presented in the February budget, officials said. Improved compliance, the post-pandemic economic recovery and high inflation have bolstered collections with both direct and indirect taxes contributing to the rise, they said. That's an increase of 10.9-12.7% over the budget estimate of ₹27.6 lakh crore gross tax collection for the year. "If the current growth continues, tax revenues could exceed budget estimates by about ₹3-3.5 lakh crore this year," a senior government official told ET. The bounty is expected to largely fund the extra spending on food and fertiliser subsidies and help keep the fiscal deficit in check.

<https://economictimes.indiatimes.com/news/economy/finance/tax-revenues-may-top-fy23-budget-estimate-by-3-3-5-lakh-crore/articleshow/95495846.cms>

Centre's capex support for states likely to continue

The Central government may continue with the 'Scheme for Financial Assistance to States for Capital Investment' in the next fiscal year (2023-24) with a possible allocation of Rs 1 trillion, Business Standard has learnt. This could be announced by Finance Minister Nirmala Sitharaman in her 2023 Union Budget speech.

https://www.business-standard.com/budget/article/budget-2023-24-centre-s-capex-support-for-states-likely-to-continue-122111300587_1.html

Industry

Nearly 9 crore people employed by this many MSMEs registered on Udyam portal: Govt data

The Udyam Registration portal's data disclosed by the MSME Ministry over two years after the launch of the portal showed 8.81 crore people employed by 1.19 crore MSMEs registered on the portal. Out of the total employment, 2.05 crore were women, the latest data published on the portal at the time of publishing this report showed. Apart from jobs, the government also shared export statistics. The portal had 1.48 lakh exporting units registered with an export value of Rs 9.55 lakh crore. In terms of business activity, over 34,000 enterprises registered on the Udyam portal were in manufacturing in comparison to 84.74 lakh service MSMEs. 95 per cent (1.14 crore) of total registered MSMEs on the portal were micro followed by only 3.54 per cent (4.23 lakh) small businesses and 0.32 per cent (39,289) medium enterprises. While MSME registrations on the portal had crossed 1 crore in August this year, a handful of enterprises had revoked their registrations. According to the data shared by MoS MSME Bhanu Pratap Singh Verma in Lok Sabha in July, 35,501 enterprises had withdrawn their registration as of July 15, 2022, of which 67 per cent or 24,075 registrations were withdrawn in the previous financial year 2021-22 while 931 registrations were withdrawn in FY21.

<https://www.financialexpress.com/industry/sme/msme-eodb-nearly-9-crore-people-employed-by-this-many-msmes-registered-on-udyam-portal-govt-data/2810767/>

Only around 20,000 MSME delayed payment cases disposed of in five years; doubled in past 12 months

The number of delayed payment cases of micro and small enterprises (MSEs) disposed of by the government's Micro and Small Enterprise Facilitation Councils (MSEFCs) across the country stood at 20,840 involving Rs 3,841 crore so far since the launch of delayed payment monitoring portal Samadhaan by the government back in October 2017. The disposed of cases doubled from around 10,000 cases disposed of as of November 2021, showed official data from the portal. The total delayed payment cases under consideration by MSEFCs were 31,866 as of November 13, 2022, involving Rs 11,447 crore. In five years, 1.26 lakh delayed payment applications or complaints have been filed by MSEs amounting to Rs 32,345 crore, of which 30,320 have been rejected and 12,112 mutually settled between MSEs and their customers including central and state public sector enterprises, ministries and others. 31,414 applications were yet to be viewed by facilitation councils.

<https://www.financialexpress.com/industry/sme/msme-fin-only-around-20000-msme-delayed-payment-cases-disposed-of-in-five-years-doubled-in-past-12-months/2810983/>

Revised combination assessment timelines under competition law soon: MCA

The revised timelines proposed in the competition law will help in making the assessment of combinations swift and time-bound as well as provide certainty to businesses, according to the Ministry of Corporate Affairs (MCA). A bill to amend the Competition Act is now being examined by the Parliamentary Standing Committee on Finance. One of the amendments proposed is to reduce the time limit for approval of combinations to 150 days from the current 210 days and another is that the Competition Commission of India (CCI) has to form a prima facie opinion within 20 days for expeditious approval of combinations. Generally, mergers and acquisitions are referred to as combinations in competition law parlance. The corporate affairs ministry has said the overall time limit for assessment of combinations is being reduced to make the process swift and time-bound.

https://www.business-standard.com/article/economy-policy/revised-combination-assessment-timelines-under-competition-law-soon-mca-122111300244_1.html

Govt plans to roll out PLI scheme to encourage container manufacturing

The Centre is working towards a new production-linked incentive (PLI) scheme to encourage container manufacturing in India. Allocation for the scheme may come from a part of the savings from existing PLI schemes, multiple government officials told Business Standard.

https://www.business-standard.com/article/economy-policy/govt-to-roll-out-pli-scheme-to-push-container-manufacturing-india-122111300526_1.html

CAIT says its e-commerce portal Bharat eMart will be launched soon

E-commerce marketplace Bharat eMart by Confederation of All India Traders (CAIT) will be launched soon across the country to get traders set up their e-shop on the portal, traders' body said on Sunday. Importantly, the marketplace was first announced back in May 2020 by CAIT and was expected to be launched in a month's time to battle e-commerce incumbents Flipkart, Amazon and others. However, the launch was impacted due to Covid. CAIT National President BC Bhartia and Secretary General Praveen Khandelwal said in a statement that since data is the most important asset, traders will also be taught about data management and usage of artificial intelligence and machine learning in their business. Around 8 crore traders represented by around 40,000 trade associations under CAIT are expected to benefit from the upcoming marketplace.

<https://www.financialexpress.com/industry/sme/msme-eodb-cait-says-its-e-commerce-portal-bharat-emart-will-be-launched-soon/2810648/>

Hospitality sector's per-room revenue grew 89.6% YoY in Q3: JLL report

The Indian hospitality sector continued to post strong yearly growth in the third quarter of the 2022 calendar year, on the back of a sustained increase in corporate travel. During the same quarter last year, the industry was struggling to recover from the second wave of the pandemic.

https://www.business-standard.com/article/economy-policy/hospitality-sector-s-per-room-revenue-grew-89-6-yoy-in-q3-jll-report-122111300610_1.html

Agriculture

Govt bats for GM mustard in SC: To make India self-sufficient in edible oil

The Centre has told the Supreme Court that genetically modified (GM) mustard will contribute to India's self-sustenance with respect to production of edible oil and it will go a long way in realising the vision of 'Aatmanirbhar Bharat'. Recently, the Genetic Engineering Appraisal Committee (GEAC) allowed the environmental release of GM mustard for seed production and testing. In an affidavit filed before the top court, the Union Ministry of Environment, Forest and Climate Change (MoEFCC) said that increased domestic production of edible oil due to deployment of GM mustard hybrids will reduce the dependency on other exporting countries. The government said the present rate of edible oil consumption in India surpasses the domestic production rate and at present, India meets nearly 55-60 per cent of its edible oil demand through imports.

https://www.business-standard.com/article/economy-policy/govt-bats-for-gm-mustard-in-sc-to-make-india-self-sufficient-in-edible-oil-122111300125_1.html

India's wheat planting gathers momentum, acreage rises nearly 10%

Indian farmers have planted wheat on 4.5 million hectares since Oct. 1, when the current sowing season began, up 9.7% from a year ago, the latest data from the farm ministry showed on Friday. The Ministry of Agriculture & Farmers' Welfare will keep updating the provisional crop sowing figures as it gathers more information from state governments. In India, wheat is mainly produced in the northern states of Punjab, Haryana, Uttar Pradesh and the central state of Madhya Pradesh. The planting figures are also subject to revision depending on weather conditions. Late rains in October and November raised soil moisture levels and helped farmers bring in more area under wheat, the main winter crop, growers said. India grows only one wheat crop in a year, with planting in October and November, and harvests from March.

https://www.business-standard.com/article/economy-policy/india-s-wheat-planting-gathers-momentum-acreage-rises-nearly-10-122111400056_1.html

Infrastructure

India's Grade-A warehousing sector to show growth of 15% by 2025, says report

India's Grade-A warehousing sector is poised to show a growth of 15 per cent by 2025. According to the India Warehousing Report by CREDAI and Anarock, warehousing is poised to become a US\$ 2.8 billion industry in the near future. The growth will be driven by increasing demand over Grade-B and Grade-C office spaces which are not big enough for emerging needs for modern and large infrastructure, the report said. "Government thrust on ease of doing business with focus on single window clearances by many states, land allotment, and even faster environmental clearances are aiding this sector extensively. This is the reason that its demand is increasing not only in metro cities but tier-II and -III cities as well rapidly," said Harsh Vardhan Patodia, President, CREDAI. Over the last decade, India has revamped its outlook toward the warehousing sector from unorganised godown structures to a prominent asset class. Per the report, a total of 48.5 million sq ft of Grade-A warehouses have been leased in top 7 cities in 2021 and it's expected to reach 55.8 million sq ft by end of 2023. It said that the total area leased for Grade-A warehousing space in 7 cities was 160 million sq ft, with the largest share of 37 per cent leased area in western region (Mumbai and Pune), followed by 32 per cent in southern region (Bengaluru, Chennai and Hyderabad). The top three sectors contributing to the overall warehouse leasing space across 7 cities are third-party logistics, e-commerce and manufacturing.

<https://www.financialexpress.com/industry/indias-grade-a-warehousing-sector-to-show-growth-of-15-by-2025-says-report/2810826/>

Energy

India's dependence on coal increases despite its green energy push

Despite India being bullish on green energy options as it aims to achieve net-zero emissions by 2070, the geo-political situation triggered by the Russia-Ukraine war has led to supply chain constraints, rising energy prices and pushing inflation to highest-ever levels in several countries. All these factors combined together have compelled India to continue to depend on coal-based thermal energy. Recently, Union Finance Minister Nirmala Sitharaman said that uncertainties in the energy sector are an area of concern for the government. She noted that like many other nations, India too will have to rely more on coal in the near future due to global uncertainties and supply chain disruptions. Greenpeace India's Lead for climate and energy campaign Avinash Kumar gave a realistic perspective to India's growing dependence on coal despite its aggressive green energy push. "As part of the Covid-19 recovery plan, the government opened up its coal mining sector for private players and announced many new coal mines for auction. This new investment planned for coal power plants can impact the progress of clean energy. Ideally these investments should have been for renewables," he said.

https://www.business-standard.com/article/economy-policy/india-s-dependence-on-coal-increases-despite-its-green-energy-push-122111300296_1.html

External

Commerce Ministry terminates anti-dumping probe into solar cell imports from China, Thailand and Vietnam

The commerce ministry has terminated an anti-dumping investigation into import of solar cells from China, Thailand and Vietnam following a request from the Indian Solar Manufacturers Association (ISMA). On May 15, 2021, the ministry's investigation arm Directorate General of Trade Remedies (DGTR) initiated a probe into alleged dumping of "solar cells whether or not assembled into modules or panels" exported from the three nations, following a complaint by the association. "In view of the request made by the domestic industry, ISMA,...the authority hereby terminates the investigation initiated on May 15, 2021... against the imports of solar cells whether or not assembled into modules or panels exported by these countries," the DGTR said in a notification.

<https://www.financialexpress.com/economy/commerce-ministry-terminates-anti-dumping-probe-into-solar-cell-imports-from-china-thailand-and-vietnam/2810555/>

Indian govt lays out action plan to promote millet export starting Dec 2022

India is going all out to celebrate 2023 as the International Year of Millets as declared by the United Nations General Assembly. To promote shipment of nutri-cereals, the India's Commerce and Industry Ministry, through its apex agricultural export promotion body, Agricultural and Processed Food Products Export Development Authority (APEDA), has prepared a comprehensive strategy to promote Indian millets exports across the globe, commencing

December 2022. For exports of Indian millets, the Indian government has planned to facilitate participation of exporters, farmers and traders in 16 international trade expos and Buyer Seller Meets (BSMs). As per the government's robust strategy, Indian missions abroad would be roped in branding and publicity of Indian millets, identification of international chefs as well as potential buyers such as departmental stores, supermarkets and hypermarkets for organising B2B meetings and direct tie-ups.

https://www.business-standard.com/article/economy-policy/indian-govt-lays-out-action-plan-to-promote-millet-export-starting-dec-2022-122111300283_1.html

FTA talks with EU to focus on goods and investments

India and the European Union are likely to discuss issues related to investment and trade in goods during the third round of free trade agreement (FTA) talks, which will begin in Delhi on November 28. "The negotiators from the EU are coming here for the talks. Negotiations on goods and investment are high on the agenda," said an official, who did not wish to be identified. The two sides relaunched FTA negotiations after a nine-year hiatus and initiated separate negotiations for an Investment Protection Agreement and an Agreement on Geographical Indications in June. The EU has proposed an anti-fraud clause in the goods chapter which deals with preventing, detecting and combating breaches or circumventions of customs legislation related to the preferential treatment, said people with knowledge of the matter.

<https://economictimes.indiatimes.com/news/economy/foreign-trade/fta-talks-with-eu-to-focus-on-goods-and-investments/articleshow/95494141.cms>

India thwarts attempt to club it with historical polluters

Supported by other developing countries, India blocked an attempt by rich nations to focus on all top 20 emitters of carbon dioxide during discussions on the 'Mitigation Work Programme' at the ongoing UN climate summit in Egypt, sources said on Monday. During the first week of the climate talks, developed countries desired that all top 20 emitters, including India and China, discuss intense emission cuts and not just the rich nations which are historically responsible for climate change, they said.

<https://economictimes.indiatimes.com/news/india/cop27-india-thwarts-attempt-to-club-it-with-historical-polluters/articleshow/95496004.cms>